

Montgomery County
Senior Executive Performance Plan
FY11

Department of Economic
Development

Submitted November 21, 2011

1. CONTRIBUTION TO MONTGOMERY RESULTS

- ☐. **Strong and Vibrant Economy**
- ☐. **Vital Living for All of Our Residents**
- ☐. **Healthy and Sustainable Communities**
- ☐. **A Responsive and Accountable County Government**

2. DEPARTMENT OF ECONOMIC DEVELOPMENT AT A GLANCE

Overall

County Executive Leggett's economic development vision for Montgomery County is a globally competitive and highly diversified knowledge-based economy that provides for the retention and growth of existing companies, stimulates new job creation and enhances entrepreneurial activities.

To realize this vision, DED has developed a plan with four overarching goals and related strategies for each. These are summarized below, and the full details are described in the Visioning document submitted in July 2009.

Including FY12, DED's budget has been allocated to the divisional programs. Hence, it is difficult to align the budget according to the four overarching goals as current divisional staff and fiscal resources are commingled to achieve these goals. With the recent staff downsizing, and the formation of BHI (BioHealth Intermediary) in 1st quarter FY12 that will assume the majority of life sciences related initiatives, DED will realign staff resources on reprioritized action plans during the 2nd quarter FY12.

GOAL 1. Retain and grow existing businesses, strategically attract new ones and enhance entrepreneurial opportunities; work to ensure that all business sectors benefit from the knowledge-based economy.

Strategies

1. Execute an aggressive business visitation program for major accounts and companies that have high-wage jobs in the target market segments.
2. Create more opportunities for MC companies to identify and compete for federal, state and local government and private sector contracts and grants.
3. Develop and implement a targeted marketing strategy to help local business succeed in the local, regional and global marketplace, and to attract new investment capital into the County.
4. Develop and implement a targeted marketing strategy so that local businesses are aware of available federal, state and county programs and services designed to assist them.
5. Pro-actively recruit firms in targeted industry sectors, especially bio-pharma, aerospace, communications, advanced technology applications, green technology, professional services and government contracting.

GOAL 2. Adapt to a more competitive business climate by creating an environment where knowledge-based industries and small businesses thrive.

1. Focus on developing industry-based clusters as a means of growing the local economic base through developing targeted strategies for priority sectors including biosciences and the emerging green economy.
2. Foster the ongoing growth and viability of the County's small business community through training, networking and targeted publications developed in partnership with public, academic and private business support entities.
3. Enhance the development and availability of knowledge-based workers so that employers and workers can advance in today's economy.
4. Cultivate the climate for entrepreneurial growth and expansion within the County through programs such as Incubator Network and Mentorship Program.
5. Work with partners in the private sector, educational institutions and government; develop capital projects that are responsive to the needs of industry clusters.

GOAL 3. Foster creative and strong partnerships with academia, the federal research community, the private sector and various levels of government to pursue innovative projects, policies and best practices that support business growth and expansion.

1. Build on the presence of federal agencies and research and development facilities within the County through proactively cultivating relationships and partnering opportunities.
2. Engage in public-private partnerships to revitalize the County's town centers and provide for strategic redevelopment opportunities.

GOAL 4. Establish global linkages to facilitate business development opportunities abroad, attract international investment to Montgomery County, and foster trade and joint ventures for Montgomery County businesses.

1. Facilitate international business opportunities for County companies seeking to partner or expand globally.
2. Proactively attract foreign direct investment to Montgomery County.

SPECIAL AREA: Agricultural Industry Support

1. Protect farmland and environmental resources through protective easements, transferable development rights (TDRs) and the new building lot termination (BLT) program.
2. Support and facilitate agricultural community's stabilization and growth through soil conservation training and education; drought assistance, planning and marketing assistance for farmers markets and farm tours, technical assistance to implement best farming practice, and guidance on developing alternative crops and revenue sources.

DED's Resource Allocation according to the current Divisional Programs

What DED Does and for Whom	How Much (FY10)	FY11
<p><u>Overall</u> County Executive Leggett's economic development vision for Montgomery County is a globally competitive and highly diversified knowledge-based economy that provides for the retention and growth of existing companies, stimulates new job creation and enhances entrepreneurial activities.</p>	<ul style="list-style-type: none"> • 43.8 workyears (wy) • \$4,737,950 in personnel costs • \$2,890,290 in operating costs • \$852,440 for the Economic Development Fund-1 wy charged • \$617,090 for the Conference Center NDA-1wy charged 	<ul style="list-style-type: none"> • 37.8 workyears (wy) • \$3,800,630 in personnel costs • \$2,884,120 in operating costs • \$852,440 for the Economic Development Fund-1 wy charged • \$617,090 for the Conference Center NDA-1wy charged
<p><u>Marketing and Business Development</u></p> <ol style="list-style-type: none"> 1. Showcases the assets of the County in a global economy through promotional activities, communication, event coordination, global marketing and advertising, and dissemination of information through various media. 2. Attracts and retains businesses with qualified business leads ("Prospects") identified through research, business visitations, contacts, networking, tradeshow, and business missions. 3. Helps strengthen key industry clusters in the County through targeted industry sector programs. 	<ul style="list-style-type: none"> • 22% of DED budget • 9.5 wys. • \$1,133,813 in personnel costs • \$518,450 in operating costs • Makes 2,000 - 2,400 contacts/year to develop 150 plus prospects/year. 	<ul style="list-style-type: none"> • 13% of DED budget • 6.0 wys. • \$628,326 in personnel costs • \$244,862 in operating costs • Makes 1,100 – 1,500 contacts/year to develop 80 plus prospects/year.

What DED Does and For Whom	How Much (FY10)	FY11
<p><u>Small and MFD Business Support (Business Empowerment)</u></p> <ol style="list-style-type: none"> 1. While ensuring that the knowledge-based economy enhances all sectors of the business community, focus on expanding procurement/business growth opportunities for the County's small, ethnic minority, and woman owned businesses. Develops marketing and outreach plan for the Local Small Business Reserve Program and works in close coordination with service delivery partnership such as SBDC, LEDC, and Macklin Institute, and Dingman Center that can provide one-on-one assistance to small businesses. 2. Operates programs such as Incubator Network, Mentorship Program, and the Micro-Enterprise Program to a selected number of businesses or entrepreneurs to improve their growth or smooth establishment of their business ventures. 	<ul style="list-style-type: none"> • 31% of DED budget • 11 wys (5 for the Incubator Network) • \$1,097,094 in personnel costs • \$70,800 in operating costs • Delivers 45-50 training events/year for Small and MFD businesses • Incubates 110-135 companies/every 3year • \$1,211,980 in operating funds for the Incubator Network 	<ul style="list-style-type: none"> • 16% of DED budget • 8 wys (3 for the Incubator Network) • \$988,865 in personnel costs • \$70,800 in operating costs • Delivers 30-40 training events/year for Small and MFD businesses • Incubates 120-140 companies/every 3 year • Fiscal oversight of Incubator moved to Finance and Adm.
<p><u>Finance and Administration</u></p> <ol style="list-style-type: none"> 1. Stimulates business growth and expansion by underwriting and issuing grants and loans from the five programs of the Economic Development Fund (EDF). Focus is to induce capital investment and job creation from the private businesses and to leverage funds from the state and other public entities for the County's projects. 2. Plans, develops, and manages capital projects that add growth capacity for the County through private/public, or public/quasi-public entity partnerships. 3. Provides back office functions to all other divisions in the areas of: procurement, finance, budget planning and execution, research and data compilation, office administration and automation. 	<p><u>DED</u></p> <ul style="list-style-type: none"> • 13% of DED budget • 7 wys • \$789,256 in personnel costs • \$227,474 in operating costs • Oversees two technology park projects <p><u>Conference Center NDA</u></p> <ul style="list-style-type: none"> • 1 wy charged to NDA • \$617,090 in operating fund <p><u>EDF</u></p> <ul style="list-style-type: none"> • 1 wy charged to EDF • \$852,440 in base budget <p>Conducts due diligence on 75-85 applications to underwrite 10-15 EDF transactions/year</p>	<p><u>DED</u></p> <ul style="list-style-type: none"> • 38% of DED budget • 7 wys • \$654,173 in personnel costs • \$179,604 in operating costs • \$1,685,150 in operating grants to the Incubator Network (25% of DED budget) • <u>Special Projects units detached as a separate division in FY11.</u> <p><u>EDF</u></p> <ul style="list-style-type: none"> • 1 wy charged to EDF • \$852,440 in base budget • Conducts due diligence on 40-50 applications to underwrite 12-18 EDF transactions/year

What DED Does and for Whom	How Much (FY10)	FY11
<p><u>Workforce Development</u></p> <ol style="list-style-type: none"> 1. Operates three One-Stop Career Centers in the County to provide array of career assessment, job readiness training, skill enhancement training services to dislocated workers and at-risk youth population. 2. Provides job placement service to job-seeking public, and provides recruitment services for employers, as well as creating targeted services for employers in key industry clusters 	<ul style="list-style-type: none"> • 14% of DED budget • 4 wys from County Funds • \$453,208 in personnel costs • \$595,103 in operating costs • US Department of Labor's \$2.7M grant supports One Stop Career Centers • Additional \$1,039,000 from ARRA Funds 	<ul style="list-style-type: none"> • 14% of DED budget • 3.8 wys from County Funds • \$465,017 in personnel costs • \$459,783 in operating costs • US Department of Labor's \$2.7M grant supports One Stop Career Centers
<p><u>Agricultural Industry Support</u></p> <ol style="list-style-type: none"> 1. Protects farmland and environmental resources through protective easements and Transferable Development Rights (TDRs). 2. Supports, and facilitates agricultural community's stabilization through soil conservation training and education; draught assistance, planning and marketing assistance for the farmer's market and farm tours, providing technical assistance to implement best farming practice, and providing guidance on developing alternative crops and revenue sources. 	<ul style="list-style-type: none"> • 11% of DED budget • 6.8 wys (3 wy charged to CIP) • \$629,675 in personnel costs • \$233,347 in operating costs • \$6.4 million and 3 wy (\$376,191) in Land Preservation CIP • 2,000 plus acres/year protected 	<ul style="list-style-type: none"> • 9% of DED budget • 8.0 wys (3 wy charged to CIP) • \$440,059 in personnel costs • \$191,721 in operating costs • \$6.4 million and 3 wy (\$376,191) in Land Preservation CIP • 2,000 plus acres/year protected
<p><u>Special Projects</u></p> <ol style="list-style-type: none"> 1. Provides strategic planning and initiates various studies so County is always updated on its business/economic base profile. 2. Establishes strategic partnership with the federal/state agencies, higher educational institutions, and industry groups on behalf of the County's business communities to foster synergistic economic development. 3. Provides leadership in legislative initiatives to ensure that the County business communities' interests and needs are reflected and protected in newly introduced legislations. 4. Establishes global linkages, and serves as the global ambassador for the County utilizing various means of media. 5. Coordinates the department's media and public relations and generates press releases for the department and the County businesses. 	<ul style="list-style-type: none"> • 7% of DED budget • 4.5 wys. • \$634,904 in personnel costs • \$33,150 in operating costs 	<ul style="list-style-type: none"> • 10% of DED budget • 5 wys. • \$624,190 in personnel costs • \$22,200 in operating costs <p><u>Conference Center NDA</u></p> <ul style="list-style-type: none"> • 1 wy charged to NDA • \$617,090 in operating fund

3. HEADLINE MEASURES

Headline Measure Group #1:

Quantifying DED's Business Attraction, Retention & Expansion Efforts

Outcomes of Business Attraction, Retention & Expansion efforts will be measured by:

- ☐ Jobs created and Retained
 1. By existing business expansion and retention
 2. By new business attraction
- ☐ Total new capital investment:
 1. By businesses currently located in the County
 2. By newly attracted and started businesses
- ☐ New Commercial Space Occupied:
 1. By businesses currently located in the County
 2. By newly attracted and started businesses
- ☐ Survey results from businesses that participated in County sponsored technical assistance and training programs
- ☐ Total number of prospects in DED's 'active' pipeline and the number that are successfully closed to gauge the total and the percent success rate.

Headline Measure Group #2:

Quantifying DED's Incubator Program

Outcomes of Business Incubator Program will be measured by:

- ☐ Number of new jobs created by incubator tenant companies during the incubation period and post graduation.
- ☐ Occupancy rate, graduation rate, and residency rate of each incubator
- ☐ Number of Intellectual Property issued to and amount of federal research grant and private equity financing received by incubator companies (5 year window from the Incubator admission date). * This data--still under construction, is not easy to track due to proprietary nature--will be a key success outcome of incubator program (Number of IP might have to dropped from the measure as we are finding it extremely difficult to tract). As such, the focus will be the amount of federal research grant and private equity financing received.

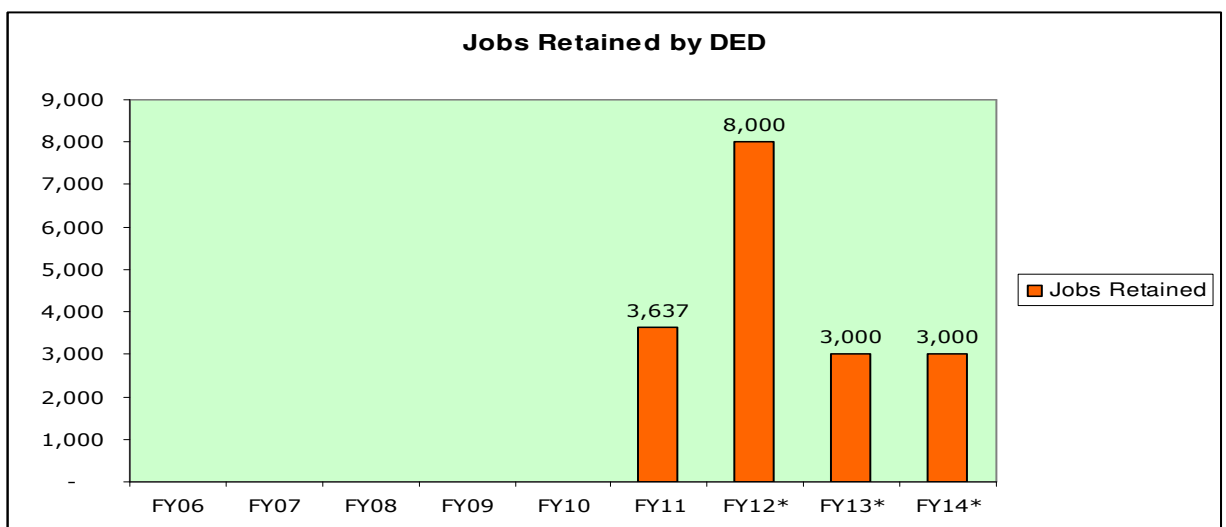
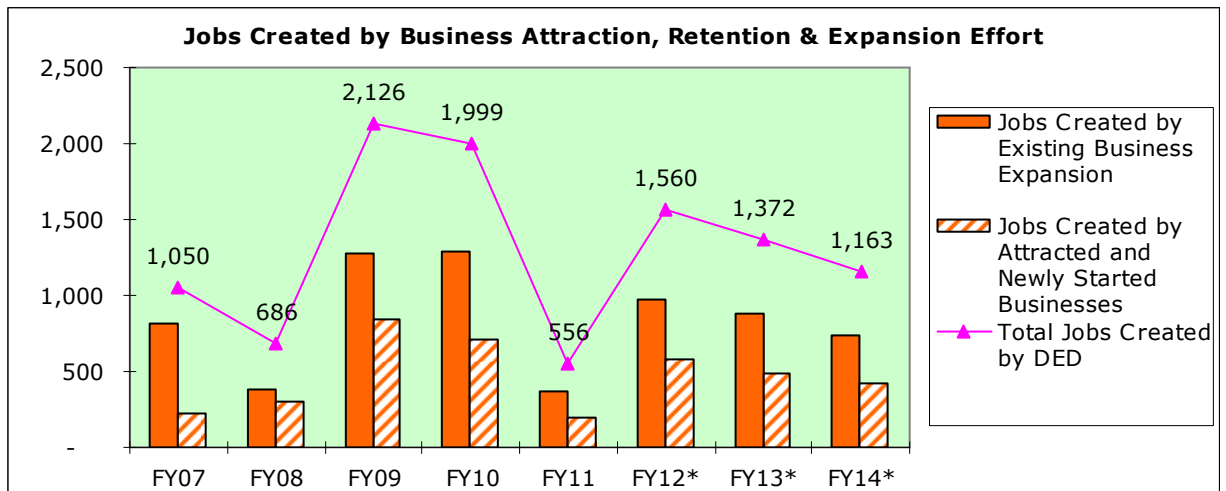
4. PERFORMANCE

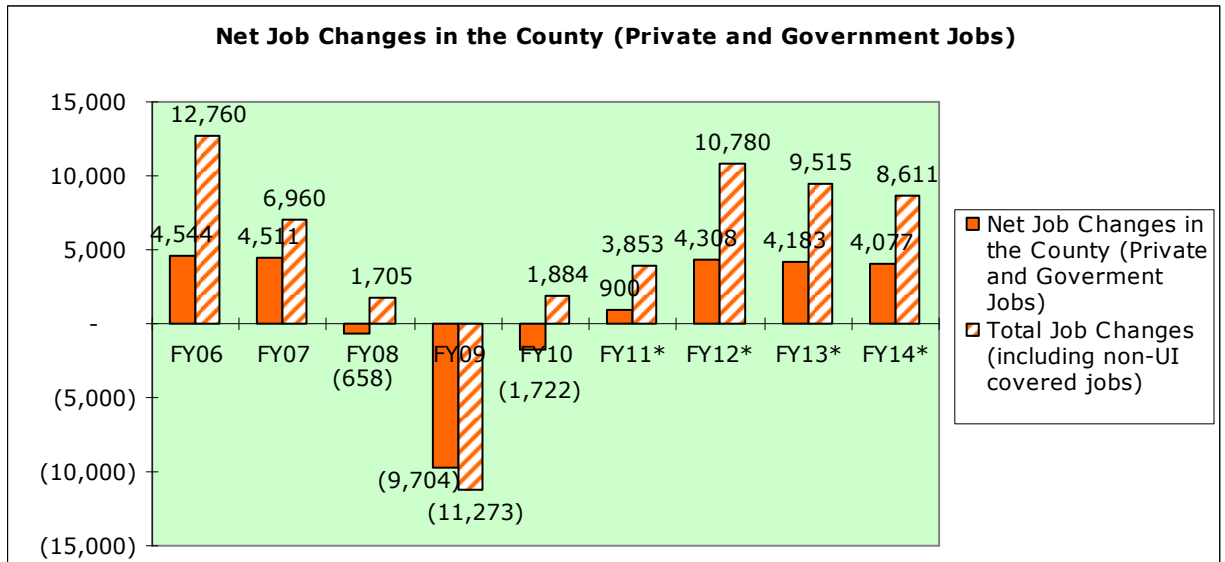
Headline Measures on: DED's Business Attraction, Retention & Expansion Efforts

The performance measure ① through ⑤ shows the overall success of DED's business attraction, retention and expansion effort. Fiscal Years with asterisk denote projected outcome.

□. Number of Jobs Created by Existing Business Expansion

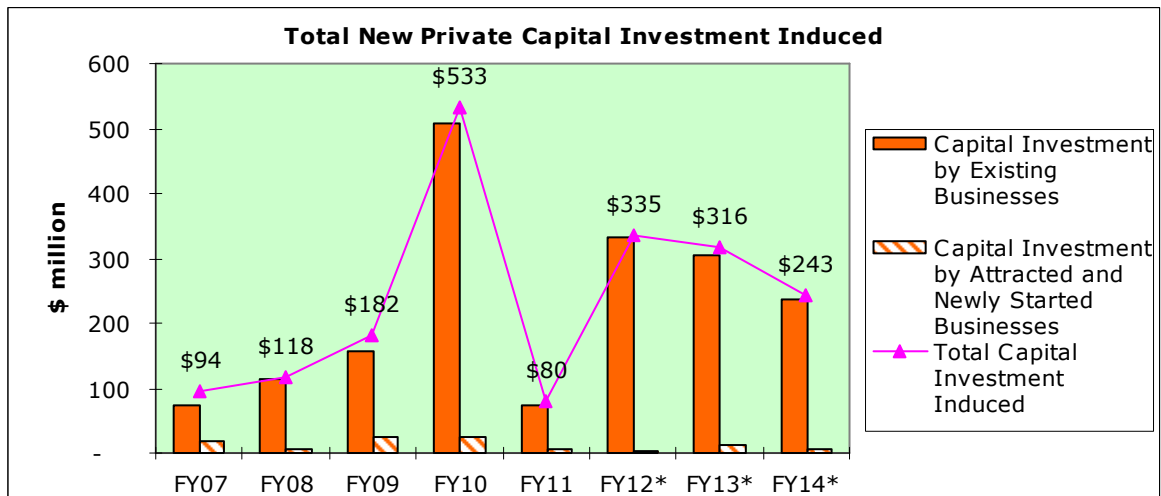
This performance measure shows overall success of DED business development effort. Due to the different types of marketing programming and resources deployed, jobs created by retention effort are tracked separately from jobs created by attracted businesses (including new startups) to monitor the impacts of retention vs. attraction effort. Due to the significant reduction of staff and general economic situation, this year the DED has placed more emphasis on the retention efforts and is now tracking jobs that were retained in the County due to DED efforts.





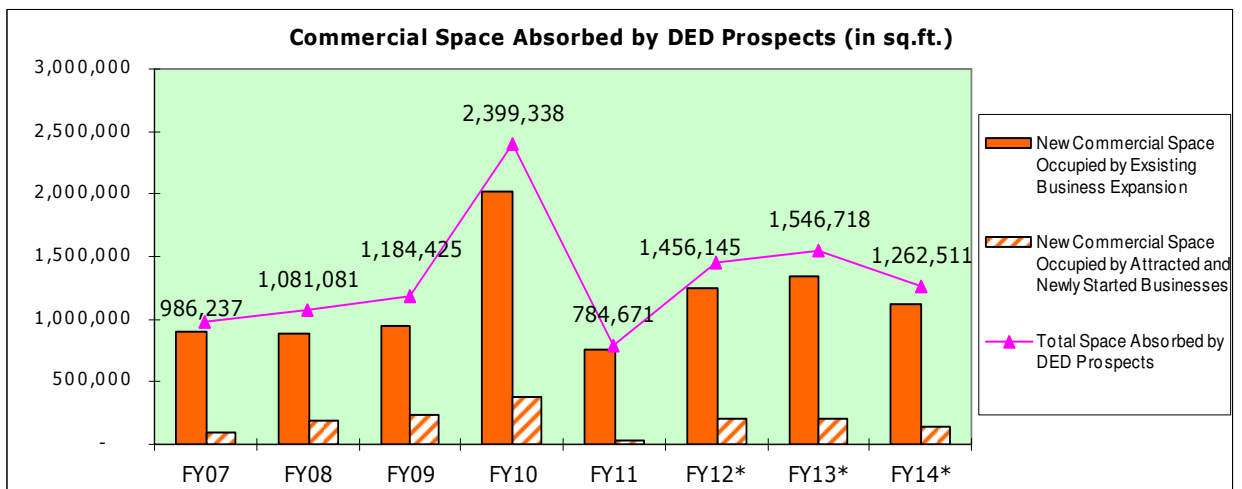
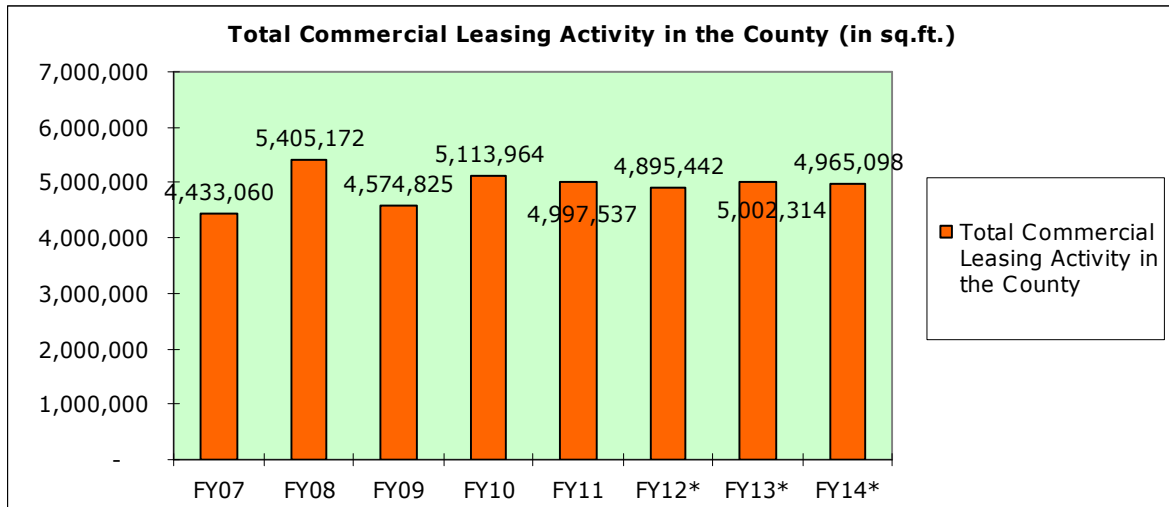
□. Total New Capital Investment

This performance measure shows the amount of capital invested by DED's successful prospect closings. This measure is important as it is directly tied to the amount of new tax revenues (particularly on real property) that County will receive.



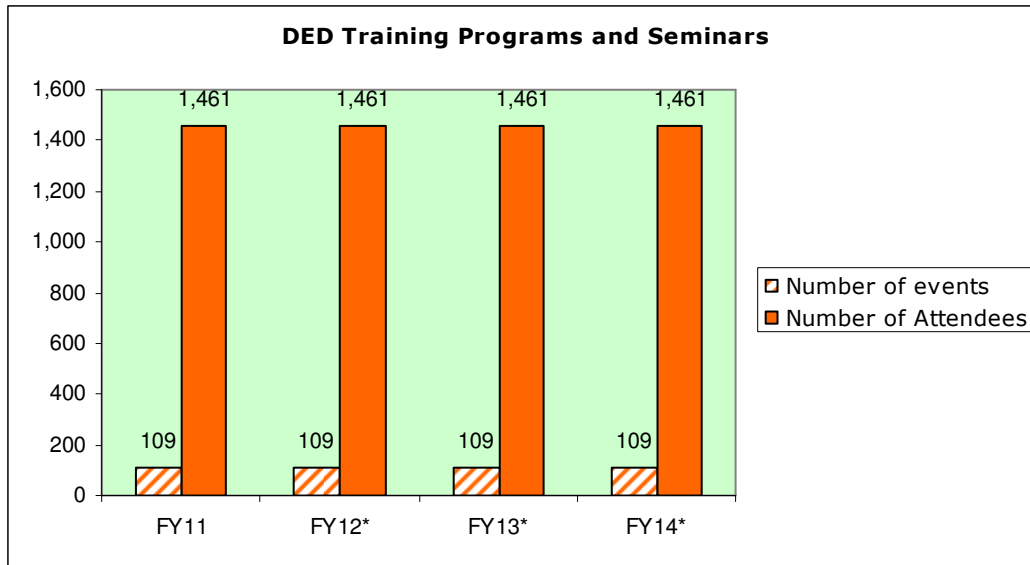
□. New Commercial Space Occupied:

This performance measure shows the new commercial space consumption by DED's successful prospect closing. This measure not only captures DED's contribution in lowering the vacancy rate of the County's commercial space inventory but only enables DED to monitor trends (per employee spending, space need by industry, etc) in commercial leasing and new construction.

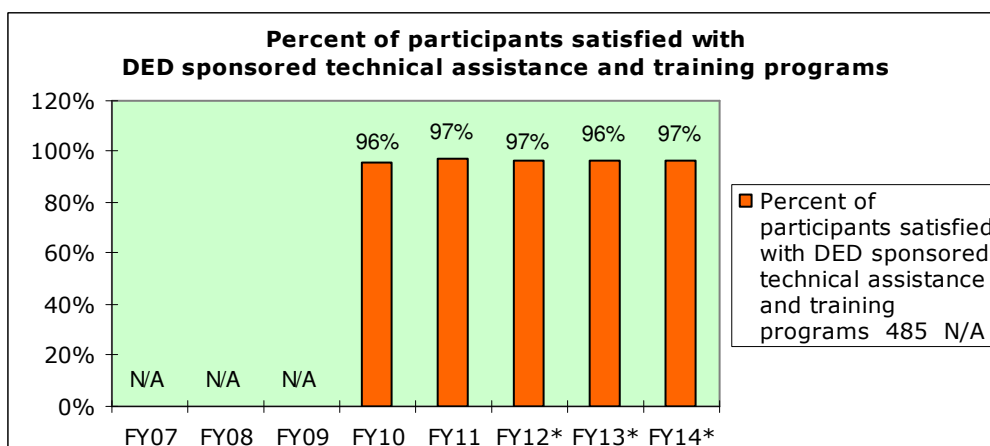


- . Number of businesses that participated in the County sponsored technical assistance programs

This performance measure, tracked since FY10, shows the level of success in DED's Small, Minority, Female, and Disadvantaged business outreach effort and placement of business assistance programs. The participants' satisfaction rate will indicate the effectiveness and the relevancy of program placement addressing the need of the business communities. Technical Assistance is defined as direct contact or training provided to individuals including one-on-one and group meetings and consultations, incubator tenant consultations, business visits, seminars and presentations, walk-ins and telephone calls. DED tracks the dissemination of specific information on items such as a) starting a business, b) requirements for admission into the incubator network, c) information on available DED programs and services and d) assistance with procurement or other issues. DED uses a standardized "Sign in Sheet" template for each event. DED creates a standard electronic survey instrument that assesses the usefulness of the service or program delivered to clients and their satisfaction with the information received. A random sample of approximately 20% of clients served is implemented on a quarterly basis. All Innovation Center Tenants are surveyed on an annual basis.

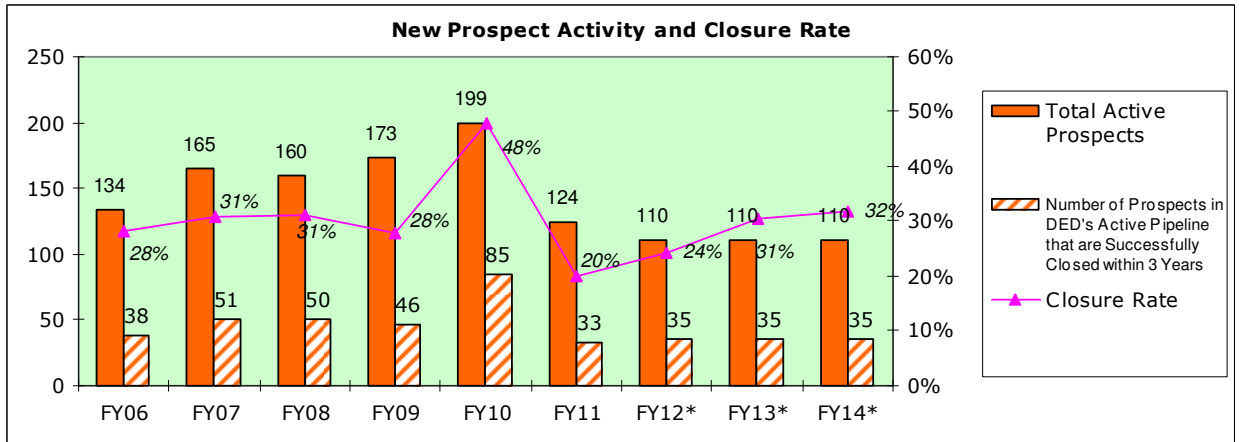


In FY11 DED organized 109 training sessions and seminars, which were attended by close to 1,500 participants.



- . Number of prospects in DED's 'active' pipeline that are successfully closed.

This performance measure shows the effectiveness of DED's marketing and business development effort. Through marketing, research, and networking, contacts with businesses are developed, and these contacts are screened to separate prospects (defined as business that has expansion/relocation plan within 6-18 months of contact date). Considering the fact that historically less than 10% of the contacts are ultimately screened as prospects, generating sufficient number of contacts and efficient closing of screened prospect cases are critical to DED's success.



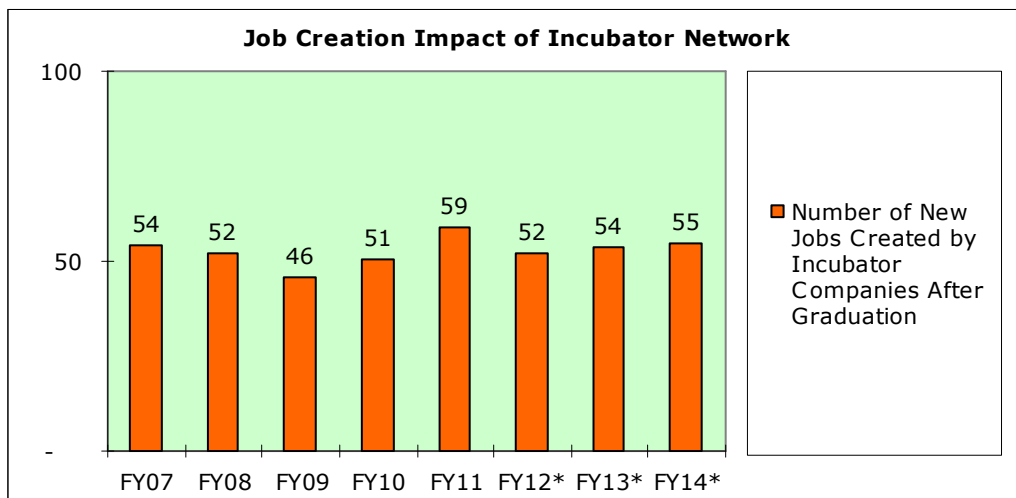
Since the BDS staff has been reduced from 10 positions in 2009 to 5 positions (4 filled) in 2012, we do anticipate a decrease in the pace/number of closure as well as the number of newly developed projects. Our projections for the next three years indicate 110 active projects each year and 35 successfully closed projects.

Headline Measures on: DED's Incubator Program

Outcomes of Business Incubator Program will be measured by:

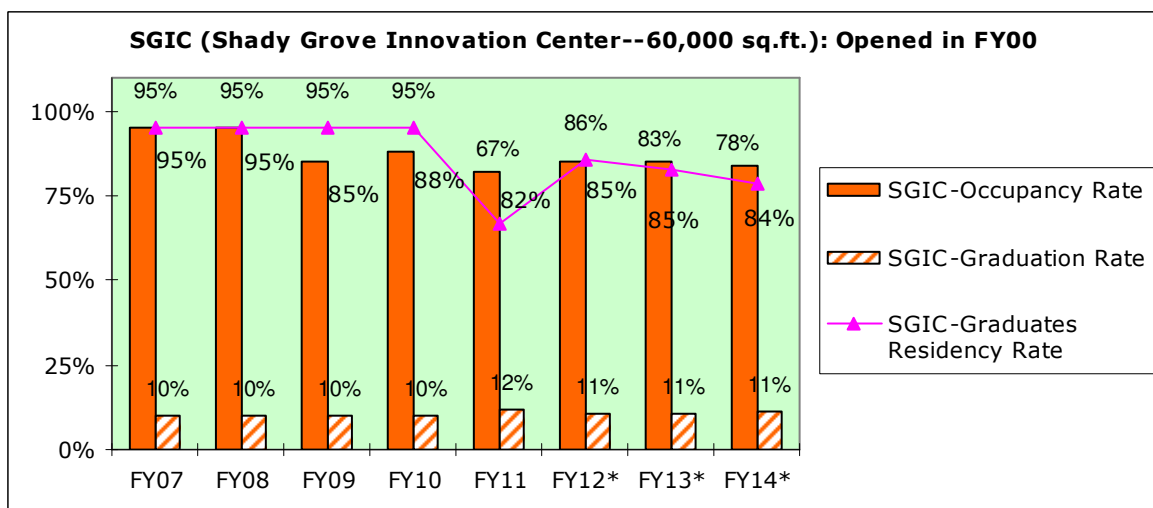
- . Number of new jobs created by incubator tenants post graduation.

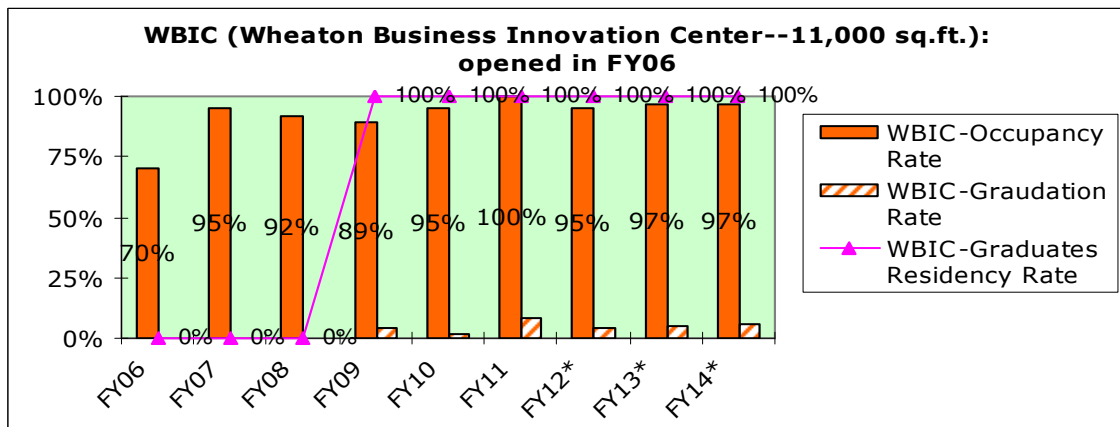
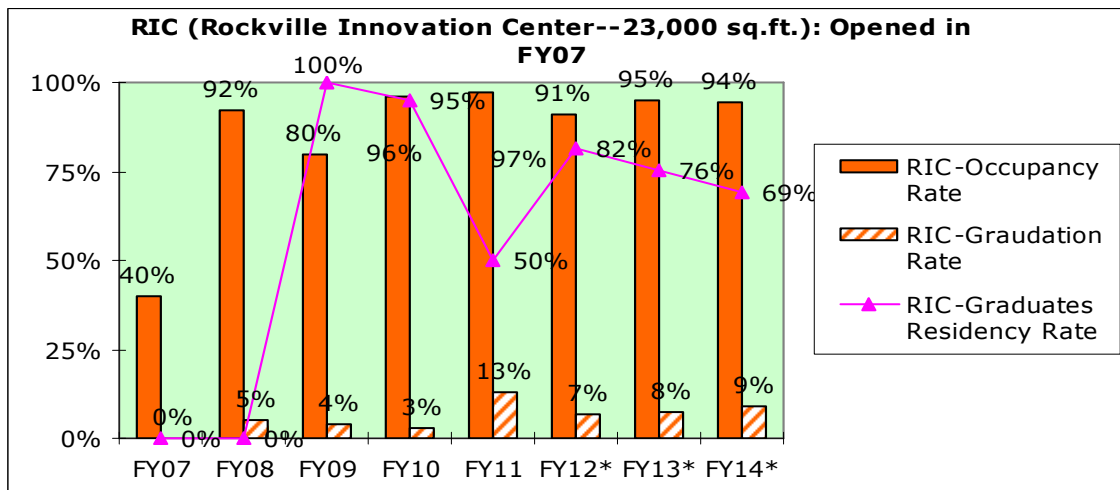
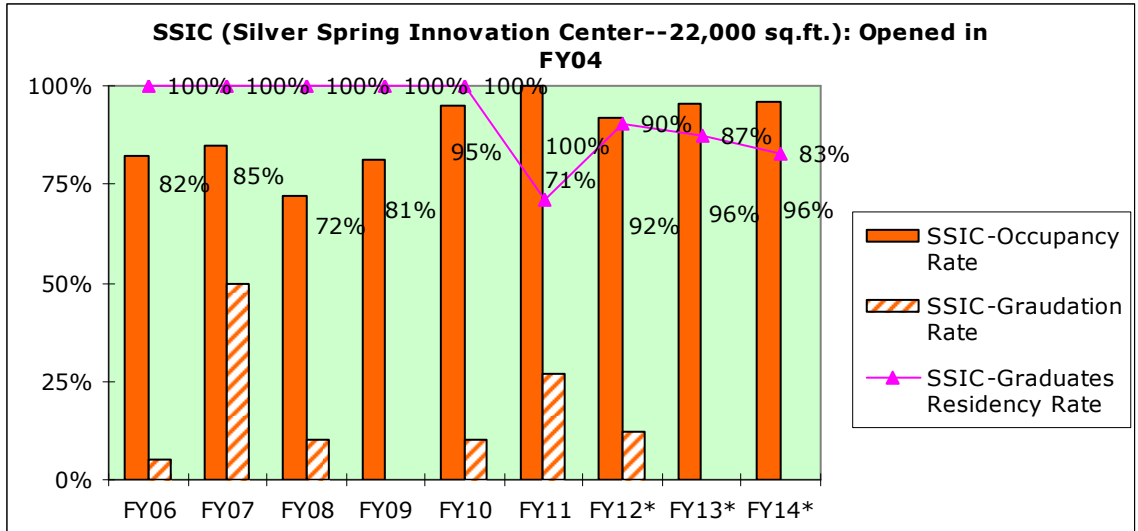
This performance measure shows the effectiveness of DED's Incubator Programs in developing and nurturing early stage and start-up companies to market ready companies that create jobs and occupy commercial space in the County.

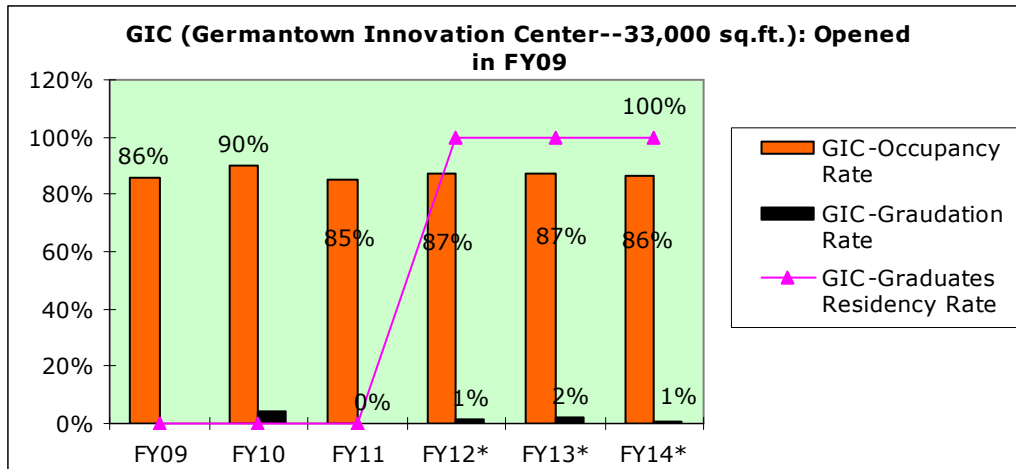


- . Occupancy rate incubators in the network.

This performance measure shows the effectiveness of County funds in creating new knowledge based jobs in the County. While most jobs are created by the Incubator companies after they graduate, the jobs they create during their stay in the Incubator is a comprehensive measure of DED's screening process for new incubator companies, size and timeliness of the financial assistance that DED either offers directly or facilitates, and the adequacy and the effectiveness of the technical training and networking programs that DED provides to the Incubator tenants.

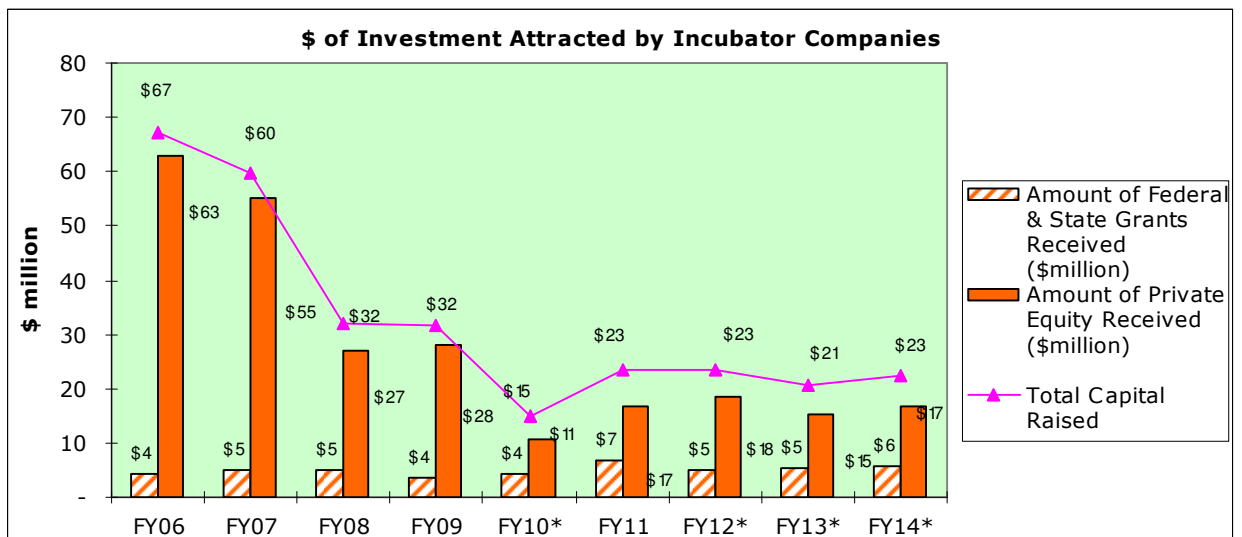






- . Amount of federal research grant and private equity financing received by incubator companies (5 year window from the Incubator admission date).

This performance measure gauges the economic impact and the societal impact of Incubator Program in making new scientific and technological discoveries, and enabling commercialization of those discoveries.



5. STORY BEHIND PERFORMANCE

Headline Performance Measure	Contributing Factors	Restricting Factors
Business Attraction, Retention & Expansion Effort	<ol style="list-style-type: none"> 1. Locational advantages and high quality of life in the County. 2. Abundance of business resources and proactive business organizations that support entrepreneurship. 3. Strong partnership with the State to promote business attraction and retention. 4. Recent emphasis on international prospect missions and attraction of foreign direct investment. 5. Executable recommendations by the Biotech and Green Tech Task Forces have challenged the public and private sectors to work towards the common goal of economic development. 6. Improvement in unified service delivery system to business community. 	<ol style="list-style-type: none"> 1. Overall economic conditions of the country. 2. Limited marketing funds to carry out a sustained marketing campaign and distribute collateral material (both within and outside of the region). 3. Scarcity of seed funding for early stage companies. 4. High costs of conducting business due to market conditions and governmental regulations. 5. Competitiveness of the region's other jurisdictions in attracting businesses. 6. High cost of living and State tax structure for businesses.
Incubator Program	<ol style="list-style-type: none"> 1. Strong knowledge based economy of the County encourages entrepreneurship and the spin off of new entrepreneurs. 2. Presence of five top-notch incubator facilities at strategic locations in the County. 3. Quality and number of management training and networking events offered to incubator companies. 4. Ability to provide flexible terms to meet each company's requirements. 5. On-site staffing assistance to resolve operational and facility related issues. 6. Good supply of high-tech work force. 7. Evaluation on 2nd generation incubator programs. 	<ol style="list-style-type: none"> 1. Due to recession, more commercial space is available for potential incubator tenants at lower rate than County's incubator. If incubator rates are lowered to match the market condition, then more operational subsidy will be required to meet the debt service requirements of three incubators. If the rates are not lowered, the vacancy rate will rise resulting in less revenue and hence an additional subsidy requirement from the County will be required. 2. Incubators operate with a minimal subsidy from the County. As a result, their budgets are very limited in providing the type of more sophisticated support services and programs high-tech incubator companies require, and other incubators are starting to provide. 3. Very labor intensive services required to support incubator companies. Current staffing of less than one professional per incubator facility is insufficient to provide the desired level of service. 4. Strong competition from region's other incubators, require expanded and innovative marketing.

5. WHAT WE PROPOSE TO DO TO IMPROVE PERFORMANCE

To Address:

- High costs of conducting business due to market conditions and governmental regulations, including the County's land use policies.
- Competitiveness of the region's other jurisdictions in attracting businesses.
- Insufficient marketing funds to carry out a sustained marketing campaign and distribute collateral material (both within and outside of the region) to develop sustained prospect flow.

Current/New Initiatives

- Created a bi-monthly DED "e-letter" distributed throughout the business community and to strategic partners to inform County's program, successes, and sustained marketing messages.
- In the process of creating comprehensive prospect guide books (domestic and international version) for each targeted industry sector demonstrating that County's locational advantages, abundance of resources, and easy access to highly educated workforce outweighs real and perceived higher costs and longer process of doing business in Montgomery County.
- Resume 2-3 international trade missions per year to attract foreign prospects/investment
- Develop and implement a strategy to enhance technology transfer from County R&D facilities to the business community through partnerships with organizations such as the Technology Development Corporation of Maryland and Federal Labs Consortium.

To Address:

- Long and complicated development process for capital projects.

Current/New Initiatives

- Conducting regular (quarterly) prospect/project meetings with Park and Planning Commission, DHCA, DPS, and Regional Services Center to identify significant prospect activities and provide unified and seamless support services to complete the prospect/project transactions.
- Currently building a directory of point staff in all governing agencies that can trouble shoot business related issues.
- The County Executive issued Executive Regulation on Strategic Economic Development Project.

To Address:

- Direct funding program-the EDF-depleted fund balance
- Scarcity of seed funding for early stage companies.

Current/New Initiatives

- Establish a formal working relationship with the national Venture Capital Institute to create a referral and matchmaking network to assist County's advanced technology and life sciences companies seeking growth capital. There is evidence that venture capital investment is made through a rather small circle/network of investors—particularly on Series A or B round.
- In the process of developing partnerships with federal laboratory groups and State/federal programs to enhance business opportunities for technology transfer and innovation in the women and minority-owned business communities.
- Work with the newly formed BioHealth Intermediary in aggressively marketing Montgomery County and its biotech asset to diverse funding outlets.

To Address:

- Current vacancies and staff resources not adequate to meet the demand of County's estimated 37,000 small businesses.

Current/New Initiatives

- Focus on developing web-based programs and tools that can serve mass audience.
- Strengthen strategic partnerships and develop collaborative outreach events with the Office of Procurement to enhance available contract opportunities to local and/or small businesses.
- Enhance alliances with resource partners by facilitating and conducting small business walking tours with the U.S. Small Business Administration, Maryland Small Business Development Center Network, and other business groups.
- Create better communication channels through listservs, web site postings and partnering with other organizations.

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